

Message Text

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21

ACTION EUR-12

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FM AMEMBASSY BUDAPEST

TO USMISSION NATO PRIORITY

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E.O. 11652: N/A

TAGS: ECON, ENRG, EEWT, HU

SUBJ: ECONDADS: AGENDA FOR SEPT 23 MEETING

REF: NATO 5053

1. EMBASSY HAS UNFORTUNATELY NOT HAD TIME TO EXAMINE
DETAIL AC"127-WP"482. BRIEF REVIEW INDICATES PAPER IS
WELL-BALANCED AND BASICALLY ACCURATE. EMBASSY HAS FAMILIAR
PHILOSOPHIC PROBLEM WITH MIXING RUBLES AND DOLLARS WHEN
DESCRIBING FOREIGN TRADE (SECTION H, PARA 44-51).
2. IN ADDITION, FIGURE FOR 1975 HARD CURRENCY TRADE DEFICIT
IN PARA 44 IS NOT CORRECT. DATA USED APPARENTLY TAKEN FROM
HUNGARIAN EURODOLLAR BORROWING PROSPECTUS WHICH REPORTS TRADE WITH
GATT COUNTRIES ONLY. FOR ACCURATE TRADE FIGURES SEE
BUDAPEST A-19 AND BUDAPEST 2852 (BOTH SENT USNATO).
3. PARA 45. COMPARISON OF HUNGARIAN TERMS OF TRADE IS
MORE USEFUL IF DONE ON YEAR BY YEAR BASIS. THIS METHOD
WOULD REFLECT LARGER DETERIORATION IN RUBLE TRADE TERMS
IN 1975 THAN IN HARD CURRENCY TRADE; THIS REVERSED 1974
SITUATION (SEE BUDAPEST 1458 AND A-44, SENT USNATO).

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4. WESTERN BANKERS GENERALLY FEEL HUNGARY'S OVERALL

INDEBTEDNESS IS SOMEWHAT MORE THAN \$2 BILLION, NOT
LESS (PARA 49).

5. PARA 51 MENTIONS "INTERNAL EXPORT FORINT" WITHOUT
DEFINING OR EXPLAINING. THIS IS IMPORTANT NEWS; IF
IT IS TRUE, INFORMATION NEEDS MORE DETAILED
EXPLANATION. IN ADDITION, STATEMENT THAT EXPORTING
FIRMS RECEIVE 20 PERCENT TAX REFUND IS OVERSIMPLIFICA-
TION (SEE BUDAPEST A-67; EMBASSY POUCHING COPY TO
USNATO).
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